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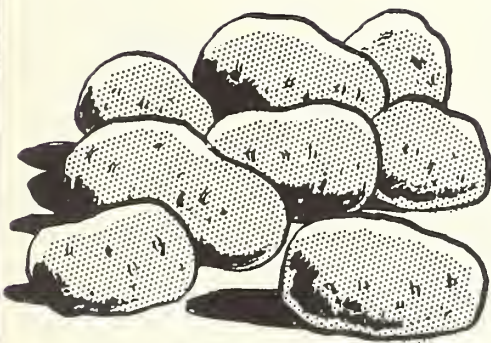
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Acreage Marketing Guides



Spring Potatoes

AMG-28

November 1962

UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service • Washington, D. C.

S U M M A R Y

1963 Acreage-Marketing Guides Potatoes - Early and Late Spring

Season and State	: Planted acres 1962	: Acreage guide 1963	:1963 guide : percentage : change from: 1962	Probable production from 1963 guide acreage
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	<u>Acres</u>	<u>Acres</u>	<u>Percent</u>	<u>1,000 cwt.</u>
<u>Early Spring:</u>				
Florida, Hastings and Other	23,000	23,950	+4	3,614
Texas	1,100	1,100	0	157
Total Early Spring	24,100	25,050	+4	3,771

Late Spring:

North Carolina, 8 N. E.				
Counties and Other	16,100	16,100	0	2,107
South Carolina	3,400	3,400	0	272
Georgia	500	500	0	32
Alabama, Baldwin and Other	19,400	20,200	+4	2,415
Mississippi	3,400	3,400	0	180
Arkansas	4,600	4,600	0	294
Louisiana	3,800	3,800	0	209
Oklahoma	2,000	2,000	0	122
Texas	5,900	5,900	0	454
Arizona	8,500	8,850	+4	2,133
California	43,300	45,050	+4	14,506
Total Late Spring	110,900	113,800	+3	22,724
Total Spring	135,000	138,850	+3	26,495

In 1963, acreage increases of 4 percent are recommended for spring potatoes in Alabama, Arizona, California and Florida. An acreage in 1963 equal to that planted in 1962 is recommended for Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina and Texas. With average yield by States, the probable production from the guide acreage would be 26.5 million hundredweight, 10 percent more than the small production in 1962 of 24.1 million.

F O R E W O R D

The acreage-marketing guides program for potatoes is designed to assist growers in balancing the supply with market requirements. The objective of the program is to provide the best possible estimates of acreages needed to provide adequate supplies - enough to satisfy consumers' needs but not so much that prices and growers' incomes are depressed.

On the basis of the available information, specific recommendations are developed for each state and area. Recognition is given to trends in recent years and for long time periods. Also, any abnormalities of preceding seasons are considered. However, the recommendations are based upon the assumption that average conditions will prevail in the following season.

The acreage recommendation is presented in terms of a percentage change from the acreage of the preceding year, so that each individual grower can apply this percentage-change recommendation to his own operation. The recommendations are reviewed before publication by representatives of various agencies of the Department of Agriculture.

The grower is provided with the Department's recommendation and also with the latest information upon which the recommendation is based. The information is presented to the grower in sufficient time for him to consider the facts as he develops his plans for the forthcoming season. The fundamental concept behind the guide program is that, given the best information possible, the grower will make intelligent decisions for his and the industry's best interest.

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1963 ACREAGE-MARKETING GUIDES
Potatoes - Early and Late Spring

I. SUMMARY OF ADJUSTMENTS

The primary purpose of acreage-marketing guides is to bring about a needed percentage change in planted acreage from that of the preceding year so that the resulting supply will be in line with market requirements. Each grower almost certainly knows the acreage of potatoes planted on his farm in 1962. Therefore, he should adjust his own acreage in accordance with the individual state guide. The recommended acreage adjustments necessarily assume normal weather, usual planting and harvesting schedules, and normal marketing patterns for potatoes. The recommendations also assume that average yields will be obtained. With these conditions, production from the guide acreages would provide all the potatoes the markets need, but not more than they can use.

Before planting time, growers and processors should take measures to evaluate carefully their potential outlets. Experience has demonstrated that potato producing areas which have available or have taken steps to provide local outlets for excess supplies, consisting of culls and other low-grade potatoes, assure themselves of a valuable price stabilizer. Growers and others associated with the marketing of potatoes should develop and use local outlets for low-grade potatoes to the maximum extent. The Department stands ready to provide guidance and suggestions for such endeavors.

II. DEMAND FOR POTATOES IN 1963

Prices received by growers for potatoes in the 1963 marketing year will be largely influenced by the timeliness of harvests, the volume and quality produced, and the pattern of marketings of both fresh and processed items. However, general economic conditions which may affect consumers' incomes and resulting demand for foods are also important.

Prospective trends in demands on the economy by consumers, business and government suggest that, on balance, the modest uptrend in economic activity experienced in mid-1962 would likely continue into 1963. Per capita real incomes will probably be about the same in the spring of 1963 as in the spring of 1962. In conjunction with increasing population, this indicates that the demand for potatoes in the spring of 1963 should be as strong as the demand last spring.

Business investment rose 15 percent above year-earlier levels in January-September, 1962 and total fixed investment increased steadily throughout the year. Business inventories continued to rise with expanding business activity, but the rate of build-up was much slower in the summer and fall than when large steel inventories were being accumulated earlier this year. A sharp decrease in the rate of inventory build-up in the third quarter led to a

moderate decrease in total private domestic investment and the total level of investment is not expected to change much in the coming months. Government spending increased about 10 percent from the first 9 months of 1961 to those of 1962. Expenditures by the Federal Government may increase around 3.5 billion dollars in the coming year. With prospects for more government spending and little rise in revenues for next year, an increase in the Government deficit is indicated.

Personal consumption expenditures were up more than 5 percent in the first three quarters of 1962 from a year earlier and consumer buying of goods and services will likely continue to rise moderately into 1963. Employment increased during 1962 and the labor force was a little larger than a year earlier, resulting in a decrease in the rate of unemployment. The modest uptrend in demand in prospect for 1963 would not preclude some quarterly variation in total economic activity and gains in consumer purchasing power may be small between now and next spring. However, real incomes per capita are likely to be maintained.

III. DEVELOPMENT OF GUIDES

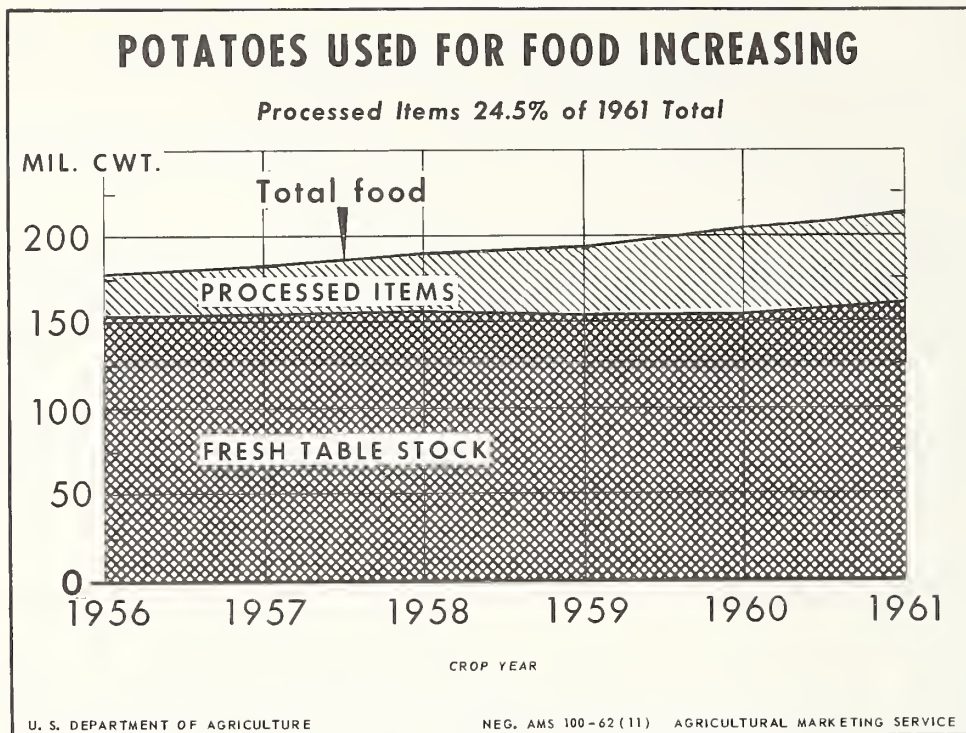
In the development of the national, seasonal, and state guides for potatoes, the procedure is to establish a balance sheet showing production and utilization by outlets in past crop years. Levels and trends in use are carried forward to determine probable needs in the crop year ahead. The sum of probable uses establishes the national marketing guide. The national guide is then allocated to the seasonal crops and to State and areas within the seasonal group on the basis of relationships in past crop years.

The principal uses of potatoes are: (1) food, fresh and processed; (2) seed, produced on-farm or purchased from other farmers; and (3) marketings of residual or surplus quantities to starch and livestock feed outlets, plus use on-farms for livestock feed, and shrinkage, waste and loss.

For the 1963 crop year, it is recommended that the national marketing guide for potatoes be 253 million hundredweight. Such a quantity is expected to provide sufficient quantities for all outlets, including fresh and processed foods. Shown below are components of the national guide.

<u>Utilization items</u>	<u>Quantity - Million cwt.</u>
Food	211.0
Seed	21.0
Residual	21.0
National guide	<u>253.0</u>

As shown in the chart on page 6, there has been a long-term upward trend in the quantity of potatoes used for food. From 1956 through 1961, total use for food increased by 18 percent, from 180.1 million hundredweight to 212.1 million. In 1961, use for food was a record and was 4 percent above the 1960 crop year total. Growth in population combined with the increasing manufacture



and use of processed food potatoes, plus relatively constant consumption of tablestock potatoes, has resulted in a recovery and stability in per capita use. In each of the 1960 and 1961 crop years, per capita availability of potatoes for food is estimated to have exceeded 110 pounds.

Sales of tablestock potatoes, which ranged from 146.0 million hundredweight in 1956 to 149.2 million in 1960, increased 4 percent in the 1961 crop year, to a record 154.8 million. The increase in 1961 crop sales is attributed to a continuing high availability of 1961 storage supplies from the beginning to the end of the marketing season, and attractive retail prices. In addition, new crop supplies in 1962 were comparatively small. This permitted a higher percentage of market needs to originate from storage supplies.

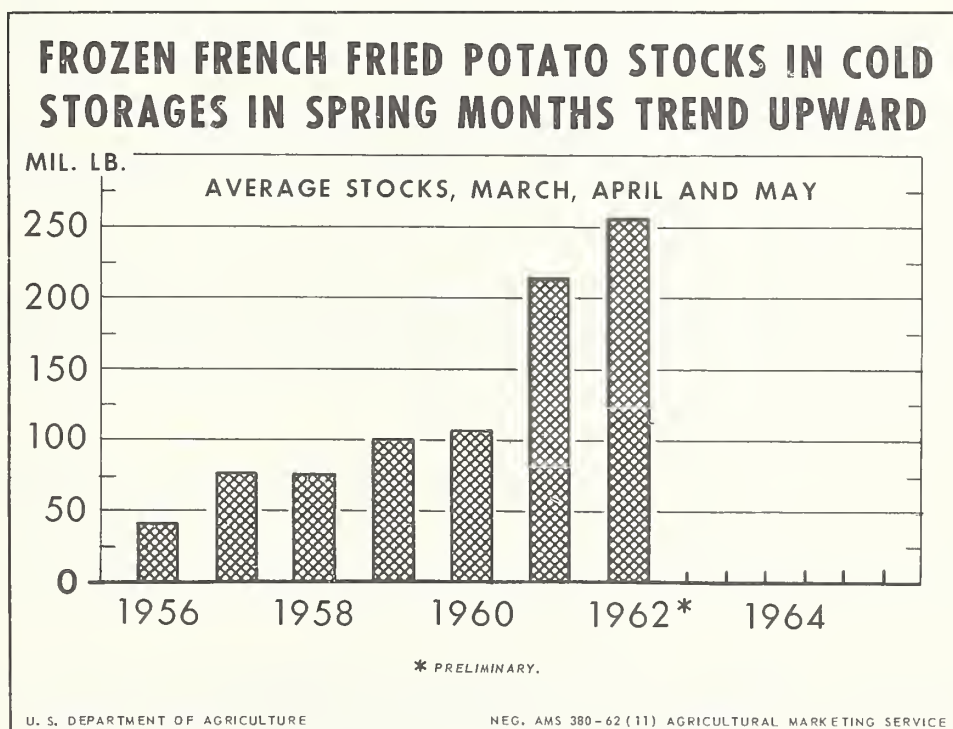
Because of decreases in numbers of potato farms, use of potatoes in potato farm households decreased from 9.3 million hundredweight in 1956 to 5.2 million in 1961. From 1956 through 1961, tablestock sales combined with farm household use ranged from 155.4 million hundredweight to 160.1 million.

Fresh potatoes now provide 75.5 percent and processed food potatoes 24.5 percent of consumers' needs. By comparison processed foods provided 14 percent in 1956. Use of potatoes by food manufacturers increased 110 percent from 1956 through 1961, or from 24.7 million hundredweight to 52 million. Use for processed foods continues to increase but the rate of increase declined in 1961. In the 1961 crop year, there were mixed trends in processing use. Compared with a year earlier, use for frozen potato products increased 21 percent,

use for chips and shoestrings increased 7 percent, but use for dehydrated products decreased 16 percent. The total quantity of potatoes canned or included in canned products, such as hash, stews and soups, dropped slightly in 1961. Since 1956, however, use of potatoes for canning has held within a narrow range. In 1961, the over-all performance in the processing sector was satisfactory.

Manufacturing capacity for processed products, particularly for frozen and dehydrated items, increased sharply from 1958 through 1961. New plants have become operative in 1962. An important factor in the increase in manufacturing capacity and in output of processed products has been the need to establish adequate inventories of processed items in market channels. Indications are that inventories of processed items attained adequate levels in 1961. The growth in inventories of frozen potatoes is shown in the chart below. In planning acreages of spring potatoes, growers should give consideration to competitive pressures which will arise from inventories of processed potatoes, particularly frozen and dehydrated products.

Largely due to continued growth in population and the usual availability of fresh potatoes, and the increasing availability of processed products, it is expected that the quantity of potatoes used for food will continue to show a long-term upward trend. Paradoxically, the total use of 1962 crop potatoes for food may be less than the 1961 total. This probable reversal will be due to the sharp cut in production and resulting sales for food from the combined



winter, spring, and summer crops in 1962 compared with 1961. Although sales of 1962 fall potatoes for food may increase compared with a year earlier, the increase most likely will fall short of offsetting the decline in food sales in the first part of the 1962 marketing year.

Foreign Trade: Foreign trade in potatoes normally reduces domestic supplies by no more than one or two percent. In the quota year ended September 30, 1961, net exports (exports less imports) of potatoes amounted to 1.7 million hundredweight. Most of the trade takes place with Canada, with both seed and table-stock moving to and from the United States. Mexico and Venezuela also buy significant quantities of fresh potatoes from time to time. Frozen and dehydrated potatoes also are being sold in foreign markets. The 1963 marketing guide anticipates a continuation of comparatively small foreign trade in potatoes.

Use for seed: Seed used for the annual crops has held within a narrow range. The bulk of the seed is produced in fall crop areas. Historically, farmers have purchased two-thirds of their potato seed from off-farm supplies; the remaining one-third is obtained from on-farm stocks. The 1963 guide includes 21 million hundredweight of seed to cover planting needs in 1964.

Residual Use: Out of every potato crop, large or small, a certain portion is marketed or diverted in starch and livestock feed outlets, or lost through shrinkage and through the grading process as the product is prepared for the food market. In years of excessive production, however, extremely large quantities have moved to these residual outlets. The record 1961 production resulted in a residual which accounted for a fifth of the total crop. In the 1959 and 1960 crop years, potato production was moderate, and residual use was comparatively low, amounting to 12 percent each year. Prices received by farmers show an inverse relationship with the total residual; comparatively high average prices were obtained in 1959 and 1960 when residual quantities were small.

Under optimum supply condition, it is expected that residual quantities would be minimized. With a crop equal to the guide of 253 million hundredweight, residual outlets are expected to account for 21 million hundredweight.

IV. SEASONAL AND STATE GUIDES

The national marketing guide for the 1963 crop of 253 million hundredweight was allocated to the seasonal crops on the basis of the normal percentage relationship that the seasonal production is to the national production. Within the seasonal group, State and area marketing guides also are based on normal relationships.

There has been an upward trend in the percentage of the U. S. potato production originating in the fall group of States; the percentage for the combined winter, spring and summer groups of States has declined. This change in the percentage relationship among and between seasonal crops is due largely to levels and trends in demand for potatoes. Winter, spring and summer crops

of potatoes are sold largely in tablestock markets where the long-term demand has been relatively constant. Demand for fall crop potatoes also arises largely from the tablestock market. But demand for fall potatoes for food processing has increased sharply. In addition, fall crop areas fill most of the demand for seed. In the 1963 marketing year, total demand for the combined winter, spring and summer crops of potatoes is expected to show little change compared with past years. But demand for 1963 crop fall potatoes is expected to be stronger. Listed below are the marketing guides for the spring crops and the proposed guides for the summer and fall crops:

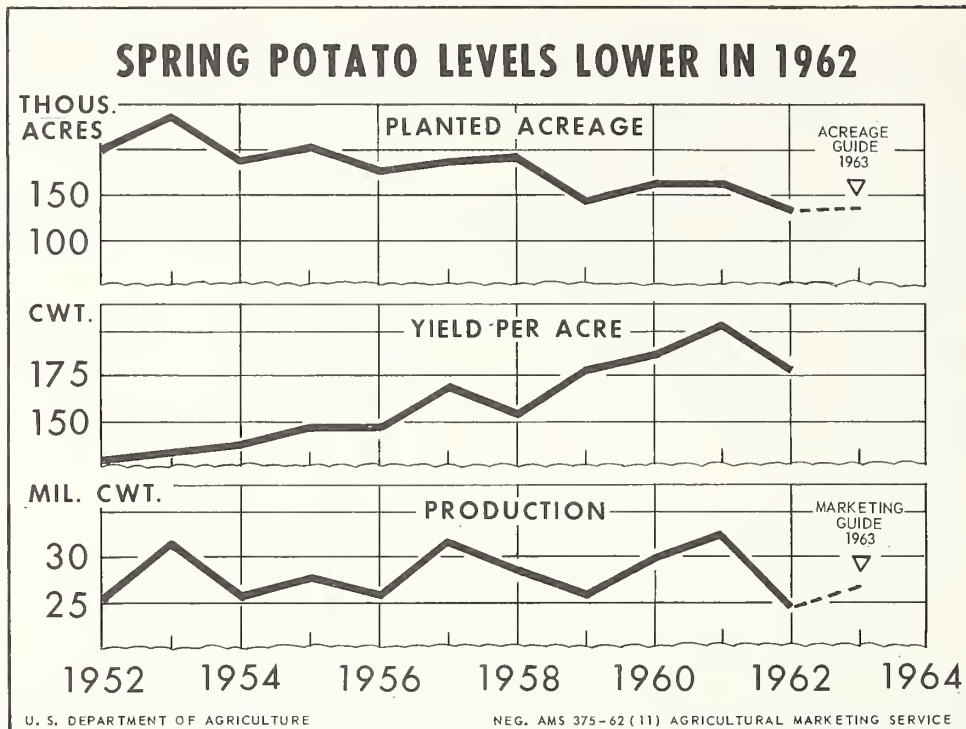
<u>Seasonal Crop</u>	<u>Marketing Guide - Million cwt.</u>
Winter (issued August 1962)	4.2
Early Spring	3.8
Late Spring	22.7
Early Summer	13.2
Late Summer	32.1
Fall	<u>177.0</u>
Total	253.0

The marketing guide for 1963 for the combined early and late spring crops accounts for 10.5 percent of the national guide. Marketing guides for each State producing spring potatoes were translated into acreage guides by dividing by a projected yield per acre. The projected yield was based on the average of the three highest yields in the four years, 1959-62.

The guide formula for establishing acreage-marketing guides gave recognition to trends in acreage in each spring producing area. A review of changes in acreages in successive years from 1953 through 1962 showed that an average annual decline in potato acreage ranging from 4 to 14 percent was recorded in Arkansas, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina and Texas. However, a net percentage increase in acreage was recorded in Arizona, California, Florida, and Alabama (if the 1956 percentage change, following the freeze of the 1955 crop, is excluded). The guides for the 1963 spring crop, therefore, were derived after considerations were given to both long-term and short-term trends. As shown in the chart on page 10, total spring potato acreage has trended downward sharply. But the aggregate yield per acre increased and about offset the drop in acreage, and production has been maintained.

V. THE POTATO MARKET IN 1962

During 1962, extremes were again recorded in market conditions for potatoes. Heavy supplies pressured markets from January into mid-spring. From January 1 through May, approximately 17 million hundredweight of storage potatoes were diverted into Section 32 outlets for use for starch and for livestock feed. The small spring and early summer crops resulted in a marked improvement in balance of supplies and needs. Output of late summer potatoes was moderate and the strong tone in potato markets was maintained. In a few late summer crop areas, however, harvest and marketing lagged, and carryover of late



summer acreage for harvest in the fall season exceeded expectations. This carryover acreage resulted in an increase in tonnage for fall harvest. The 1962 fall production is indicated to be 191.1 million hundredweight, 7 percent below the record output in 1961 of 204.6 million.

Prices received by farmers hovered near 50 percent of parity in the first quarter of 1962, increased to 105 percent of parity by mid-year, began to decline in the late summer and were 60 percent of parity in October, 1962. Prior to the June 1962 price-parity relationship of 105 percent, prices had averaged below parity for 22 months. The price-parity history is shown on the chart on page 12. It is to be noted that the peaks in prices in 1959, 1960, and 1962, show a downward trend.

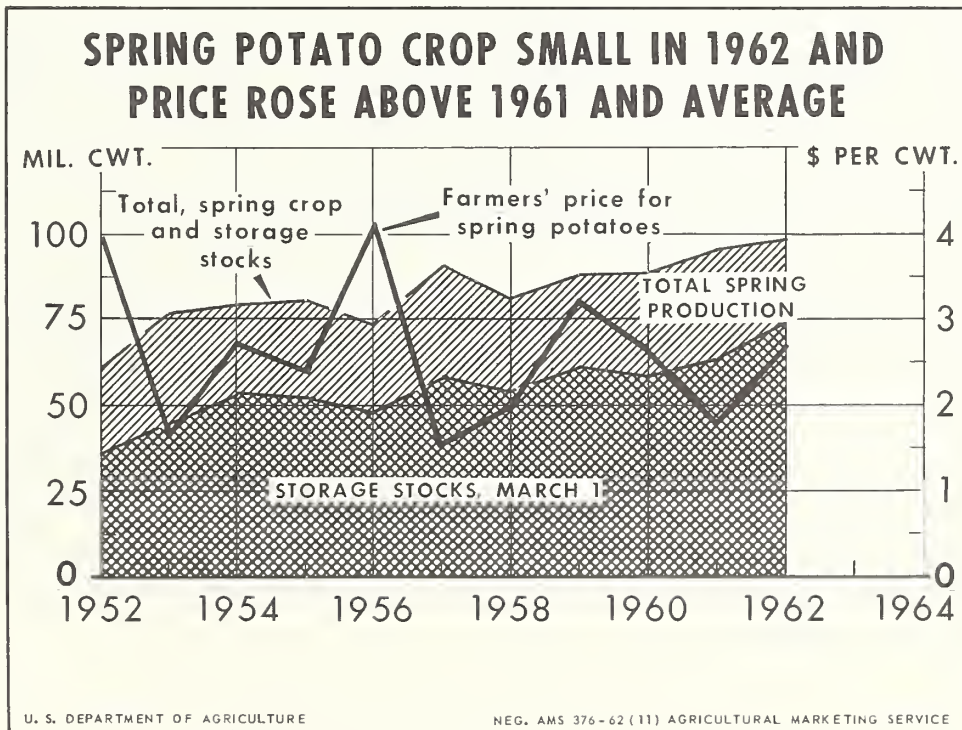
The 1962 spring crop season was highlighted by a record-low acreage planted, by a production of a near record-small supply, and by a delay in start of marketings from California. All spring potato States except Georgia and Texas planted a smaller acreage in 1962 compared with 1961. Reductions in acreages included California, 26 percent; Alabama, 21 percent, and Arizona 20 percent. Average yield per acre in spring areas was 178.6 hundredweight. This compared with the 1961 record of 203.5. Total production was 24.1 million hundredweight, 26 percent below the 1961 total of 32.4 million. On a per capita basis, the 1962 spring production was record-low.

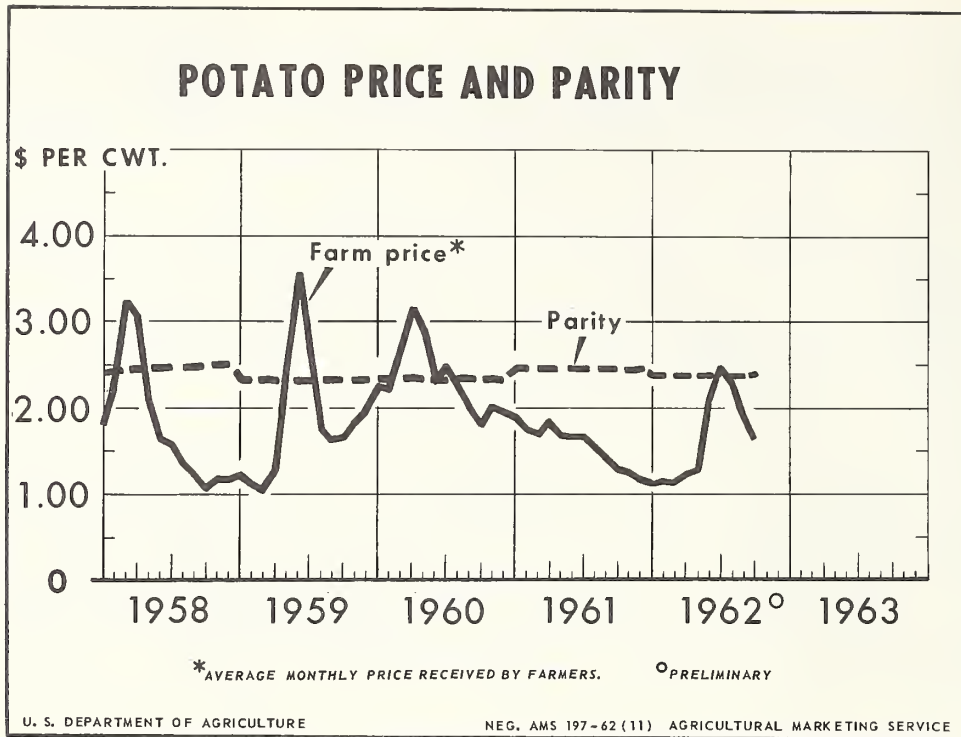
The small spring output was more than offset by a record supply of storage potatoes, which were available to markets into early summer, and a carry forward of large inventories of frozen and dehydrated potatoes. Storage

holdings on March 1, 1962, amounted to 73.8 million hundredweight, 17 percent more than the year-earlier total of 63.1 million. As shown in the chart below, late winter - spring supplies of potatoes have trended upward. The increasing availability of storage supplies during the spring months has checked market opportunities for spring crop growers.

Freezes, frosts, and/or wet weather hit most spring potato areas in 1962. A freeze on March 6 in the Baldwin area of Alabama froze plants to the ground and a mid-April frost hit the crop in the Sand Mountain area. The South Carolina acreage was nipped by a frost on April 17, as was some acreage in North Carolina. The spring crop was late in the Southeast except in Florida where timing of harvest and marketing was near normal.

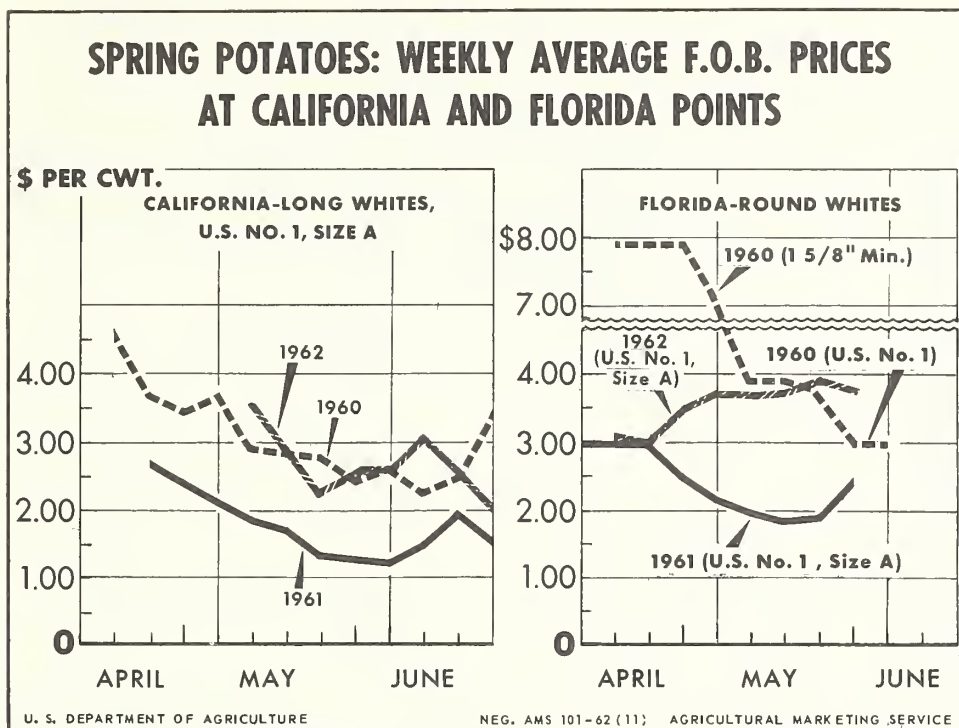
In January and early February, Arizona potato vines were frozen to the ground. The crop recovered but harvest was delayed. In the early Edison District of California, vines were frozen in late February. Active digging of the crop was delayed until early May, about 5 weeks later than usual. Planting of acreage in California was generally delayed by wet weather. Additional delay in maturity of the California crop followed surprisingly cold weather during the growing season. In 1962, California produced 12.8 million hundredweight, 33 percent less than the 1961 crop of 19.0 million.





The delay in crop maturity in California resulted in a shortened marketing period and shipments tended to bunch during June. In 1962, rail shipments of California spring potatoes amounted to approximately 15,200 carlot equivalents compared with 24,300 in 1961. In 1962, 81 percent of the supply was shipped during June. This compared with 58 percent in June, 1961. Average price received by California growers for 1962 spring sales was approximately \$2.25 per hundredweight. The 1961 average price was \$1.49.

Due to comparatively small supplies in 1962, generally successful marketing seasons were indicated for Alabama, Florida, South Carolina and Arizona. The usual fresh market demand for these States' supplies was supplemented by demand for potatoes for chipping. Similar to 1961, the 1962 harvest season in North Carolina partly overlapped the harvest of early summer acreages on the Eastern Shore of Virginia. As a result prices received for round white varieties in North Carolina and Virginia declined sharply between mid-June and mid-July. In 1962, the season average price received for all spring potatoes was indicated to be \$2.66 per hundredweight. This compared with \$1.77 in 1961. Shipping point prices at California and Florida points are shown on the chart on page 13. Charts on potato acreage and production in California and average yield per acre are shown on page 14.

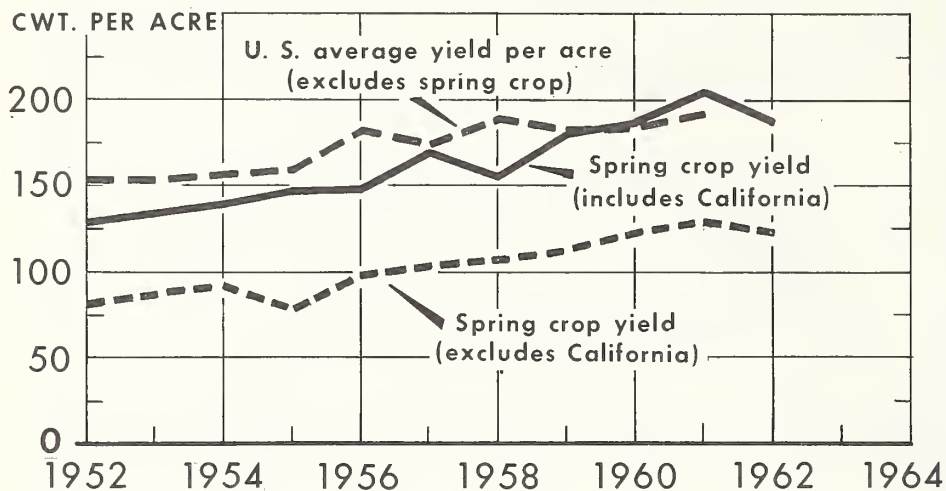


Prices received for California spring potatoes respond to the total volume produced and marketed and to the timing in marketings. Although the 1962 spring supply in California was near an all-time low, marketings bunched during June, and prices were held in check.

Timing of harvests in Florida in 1962 was normal. There was a strong demand for Florida supplies in fresh market outlets and from potato chippers. The delay in harvest in California helped to maintain the strong market tone at Florida shipping points. In 1960, adverse weather during the growing season resulted in the development of small-size tubers on early acreages in Florida.

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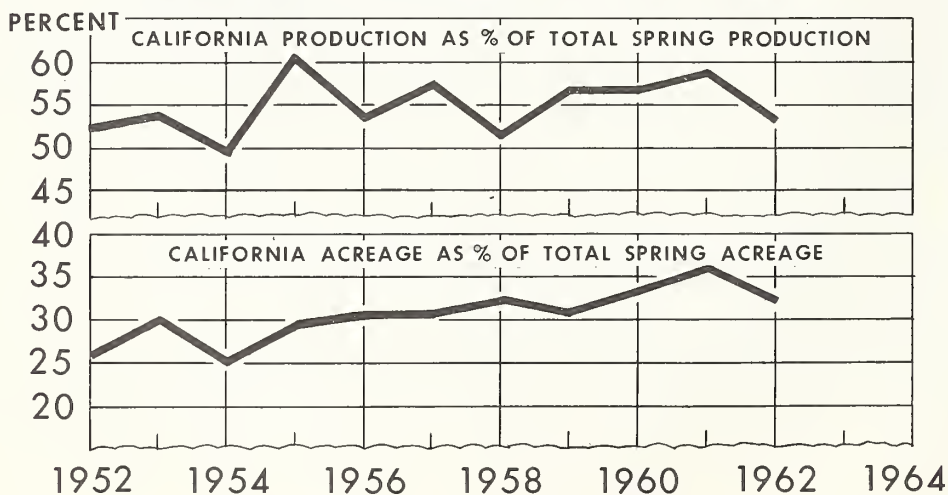
SPRING POTATO YIELD RISES DUE TO HIGH YIELD IN CALIFORNIA



U. S. DEPARTMENT OF AGRICULTURE

NEG. AMS 377-62 (11) AGRICULTURAL MARKETING SERVICE

CALIFORNIA PRODUCES MORE THAN ONE-HALF OF SPRING POTATO CROP



U. S. DEPARTMENT OF AGRICULTURE

NEG. AMS 379-62 (11) AGRICULTURAL MARKETING SERVICE

Potatoes: Quantities of potatoes used for food,
fresh and processed, 1956 - 1961

Crop Year	Quantity food potatoes		
	Fresh Market	Processed	Total
	:	:	:
- - - - - Million cwt. - - - - -			
1956	155.4	24.7	180.1
1957	156.5	28.6	185.1
1958	156.2	34.1	190.3
1959	155.0	40.1	195.1
1960	154.6	49.0	203.6
1961	160.1	52.0	212.1

Potatoes: Selected data on indicated fresh supplies available
to markets in late winter and spring, 1955 - 1962

Year	U. S. storage	Total	Total,
	stocks,	spring	stocks
	March 1	production	plus spring production
- - - - - Million cwt. - - - - -			
1955	52.2	27.8	80.0
1956	47.6	25.9	73.5
1957	58.9	31.5	90.4
1958	53.2	28.4	81.6
1959	61.5	25.8	87.3
1960	58.6	29.9	88.5
1961	63.1	32.4	95.5
1962	73.8	24.1	97.9

